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The 10 best and worst health care funds of the past year
By Rob Burgess
October 22, 2025 5:14 PM

Recent headlines surrounding the health care sector have been dire.

Over 100 rural hospitals have closed over the past decade, and over 700 more, representing one-third of the remaining facilities, are at risk of closing soon, according to the Center for Healthcare Quality and Payment Reform. Adding to this crisis are the Medicaid cuts and changes signed into law on July 4 by President Donald Trump in the One Big Beautiful Bill Act.

The government shutdown, now in its fourth week, further imperils additional Medicaid funding, and the lack of a deal on extending the Affordable Care Act tax credits could lead to hundreds of thousands of job losses and billions of dollars in reduced state revenues.

The shutdown and rural hospital closures show just how vulnerable traditional health care revenue streams can be, said Eric Croak, president of Croak Capital in Toledo, Ohio.

But despite the bleak statistics, health care funds may make for an attractive investment thesis, given the rising cost of care, drugs and aging in the U.S.

A rural hospital losing millions has no correlation to a telehealth firm that is doubling subscription growth year over year, said Croak.

"Health care investing these days is all about identifying technology and pharmaceutical development that is solving inefficiencies faster than policy can respond," he said. "In some cases, policy turmoil creates headwinds for the bureaucratic incumbents and tailwinds for the disruptors."

Growth potential — along with regulatory risks
But Wheeler Crowley, co-founder and financial advisor at CoFi Advisors in Portsmouth, New Hampshire, said his firm sees too many unattractive risks and variables to allocate client portfolios heavily toward health care.

"This sector feels like a particularly live wire politically, which increases regulatory risk," he said.

The biotech market provides plenty of innovation opportunities, Crowley said, but trial results are volatile, and the success of these companies frequently depends too heavily on those results.

"There is no doubt that an aging population combined with technological

innovation could make for great growth potential," he said. "As is often the case, investing in health care through broad market exposure looks like the best way to participate in the potential while minimizing the risks."

However, Croak said in his experience, the best health care funds rarely follow the news cycle.

"The best ones lean into substance, like margins, pricing power and cash flow discipline," he said. "Predictable, recession-resistant cash machines versus moonshot biotech narratives hinging on FDA approvals or last-ditch drug trials."

He advises clients that if half of their portfolio is "riding on regulatory miracles, that's not a fund, it's a lottery ticket."

"The stronger health care funds tend to stick to infrastructure like surgical centers, diagnostic platforms, managed care and prescription ecosystems," he said. "That's where the low-hanging fruit is."

A good health care fund shows pricing power, recurring demand and capital discipline, Croak said. Funds that are overweight companies with the benefit of long-term service contracts, recurring patient demand or patented treatment ecosystems can compound predictably.

On the other hand, a poor health care fund is usually overexposed to binary risk like regulatory approvals, trial results or reimbursement decisions, he said.

"That being said, I think too many investors mistake volatility for opportunity," he said. "In my experience, a true test of a strong fund is to maintain and grow earnings while keeping consistent margins in spite of government headlines or policy noise."

Croak advises investors to treat health care funds like they would utilities or staples.

"Necessary, defensive and, when selected well, they tend to hold up when everything else is buckling," he said. "But that doesn't mean just blindly buying the sector either."

Investors could end up with overlaps or low-conviction bets if they don't carefully dissect what the fund actually owns.

"I would imagine there are investors who think they're diversified when they actually own four funds that all have the same 10 tickers," he said.

Which health care funds have performed — or not — in recent years? Scroll down the slideshow below to see the 10 health care funds with the highest one-year annualized returns and the 10 health care funds with the lowest one-year annualized returns as of Sept. 30, 2025. All data is from Morningstar Direct.

Top 10 health care funds of the past year

10 ALPS Medical Breakthroughs ETF (SBIO)

SS&C | ALPS ADVISORS

Fund size	$80,983,029
Expense ratio	0.5%
Three-year return	10.22%
One-year return	7.06%

9 iShares Neuroscience and Healthcare ETF (IBRN)

iShares by BlackRock

Fund size	$3,747,051
Expense ratio	0.47%
Three-year return	2.85%
One-year return	7.37%

8 Invesco Pharmaceuticals ETF (PJP)

Invesco

Fund size	$260,705,358
Expense ratio	0.57%
Three-year return	10.25%
One-year return	7.61%

7 ARK Genomic Revolution ETF (ARKG)

Fund size	$1,027,346,162
Expense ratio	0.75%
Three-year return	-5.37%
One-year return	8.45%

6 Horizon Kinetics SPAC Active ETF (SPAQ)

Fund size	$13,260,189
Expense ratio	0.85%
Three-year return	N/A
One-year return	9.05%

5 SPDR® S&P Pharmaceuticals ETF (XPH)

Fund size	$187,388,557
Expense ratio	0.35%
Three-year return	7.64%
One-year return	9.31%

4 Perkins Discovery (PDFDX)

Fund size	$6,691,375
Expense ratio	2.5%
Three-year return	10.53%
One-year return	9.76%

3 Franklin Biotechnology Discovery A (FBDIX)

Fund size	$766,139,529
Expense ratio	1.02%
Three-year return	17.68%
One-year return	10.27%

2 Virtus LifeSci Biotech Products ETF (BBP)

Fund size	$26,956,026
Expense ratio	0.79%
Three-year return	15.63%
One-year return	11.18%

1 Eventide Healthcare & Life Sciences I (ETIHX)

Fund size	$1,295,793,360
Expense ratio	1.32%
Three-year return	10.32%
One-year return	13.54%

Bottom 10 health care funds of the past year

9 Hartford Healthcare Y (HGHYX)

Hartford HealthCare

Fund size	$756,771,880
Expense ratio	1.03%
Three-year return	5.1%
One-year return	-11.28%

8 Eaton Vance Worldwide Health Sci A (ETHSX)

EatonVance Investment Managers

Fund size	$834,610,558
Expense ratio	1.17%
Three-year return	6.55%
One-year return	-11.65%

7 Baron Health Care Instl (BHCHX)

Fund size	$135,932,645
Expense ratio	0.85%
Three-year return	4.76%
One-year return	-11.82%

6 SPDR® S&P Health Care Equipment ETF (XHE)

Fund size	$156,172,172
Expense ratio	0.35%
Three-year return	-2.52%
One-year return	-12.71%

5 iShares US Healthcare Providers ETF (IHF)

iShares by BlackRock

Fund size	$793,355,092
Expense ratio	0.38%
Three-year return	-0.33%
One-year return	-12.86%

4 Global X Genomics & Biotechnology ETF (GNOM)

GLOBAL X by Mirae Asset

Fund size	$46,070,264
Expense ratio	0.5%
Three-year return	-8.06%
One-year return	-13.44%

3 Virtus KAR Health Sciences A (RAGHX)

Fund size	$100,089,745
Expense ratio	1.38%
Three-year return	2.17%
One-year return	-13.59%

2 Fidelity Select Health Care Svcs Port (FSHCX)

Fund size	$882,746,150
Expense ratio	0.67%
Three-year return	-2.28%
One-year return	-13.6%

1 Simplify Propel Opportunities ETF (SURI)

Fund size	$70,111,392
Expense ratio	2.54%
Three-year return	N/A
One-year return	-22.08%